Previous references.

1908-9

(Banking.)

File No. 43-08

Serial Nos. 1-4

Later references.

B. 43-10:88/1-2. B.Sur 10
B March 13 Sch 1 Bank 30 12
B June 13 Sch 1 2 Bk. 46 12

GENERAL AND REVENUE SECRETARIAT.

Serial Nos. 1-4

Part B. for May 09

SUBJECT.

Re Procedure to be adopted by the Registrar of Joint Stock Companies in the case of the Agl Banks ordered to be wound up.

1) From the Registrar of Joint Stock Companies
No. 8529 3.3.09
Requests (does) to certain points of procedure in the matter of Agl Banks ordered to be wound up by Court.

2) To the Inspector of the Agl Banks
No. JE 4-2 20 S. 27.3.09.
Forwards a copy of the above & calls for his opinion on the questions.

G. R. S. 58

3) From the Inspector of Agl Banks No. 616/77 S 3.4.09
Submits his opinion in the matter

4) To the Registrar of Joint Stock Companies
Inspector of Agl Banks,
Registrar, Chief Court.
Deputy Commrs of Districts
No. JC 7410 – 21 & 15.5.09

Agrees with the Registrar that an order recalling the loan from an Agl Bank has not the effect of winding it up & until the Bank is wound up voluntary or by an order of Court the balance sheet of the institution should be continued to be sent to the Registrar

G.R.S. 11]

190 8-9

GENERAL AND REVENUE SECRETARIAT.

(Banking

NOTES.

File No. 43

FILE HEADING.

Procedure to be adopted by the Registrar of Joint Stock companies in the case of wound up Agrl Banks.

From The Registrar of Joint Stock companies

No. 852 Dated 3.3.09 Received 4.3.09

Diary No. 3104 | Enclos. Nil Spare Copies | Serial No. 1

BRIEF ABSTRACT OF LETTER.

Requests orders as to certain points of procedure in the matter of Agricultural Banks wound up by Govt

NOTES AND ORDERS.

The anamoly consists in Govt winding up the Agrl Banks. The Companies regulations contemplates the Voluntary winding up of companies, subject to

NOTES—First sheet

GPB—30,000 - 3-4-07.

Serial No.

The Supervision of the court-
But here Govt steps in &
winds up the Banks
irrespective of the inclinations
of the members on the subject
The report under section 187
to be intimated by the mem-
bers in meeting is not
naturally forthcoming to the
Registrar, for him to act
up to the correct procedure
in such matters. Since Govt
have arrogated to themselves
a power not contemplated
under any legal provisions
to set matters right additions
or alteration of existing
laws may be necessary.
Branch Mgrs may be consulted
Attention is invited to para
75 of the Articles of Asso-
ciation which is in perfect
agreement with the provisions
of the Companies act. only
the wording of the Govt
orders are not in consonance
with law. It is suggested

Objectionable language on the part of a clerk!

GPB—50.000—18-5-08

Serial No.

That when a G. O winding up a Bank issues - no meetings of the members are held at all thereafter as required under para 75 of the Articles of Association as such no report is possible as required under section 187 of the Act etc. The Inspector may perhaps be consulted as to what the formal procedure is after an order winding up a Bank issues. Branch III may also be consulted as to the legal aspect of the question

bal
8.3.08.

2 What is the authority for the practice mentioned by the Registrar, Joint Stock Companies relating to the closing of the registers concerning a bank whenever the order regarding its winding up is issued by Govt?

mk 9/3.

The Administrative Section may be consulted on this point

ut
9/3

NOTE—Contn. sheet.

GPB—50.000—18-5-08

Serial No.

3 The order of govt to wind up a Company Bank does not mean that the legal formalities connected with the winding up are to be dispensed with and it does not appear that the Registrar Inspector of Agricultural Banks understands it in this sense either. For there are many Banks wh have been ordered to be wound up and for wh liquidators have been appointed. This shows that the order of govt to wind up is not understood to be final ~~order required under section of the Companies regulations~~. The Registrar joint Stock Companies should not close the registers of a wound up Bank till he receives the final report under Section 187 of the Companies regulation and govt do not seem to be responsible for the present practice, which as he says is not the correct procedure. The present communication may it seems be forwarded to the Inspector of Agricultural Banks for report.

P

10/3

NOTE—Contn. sheet.

GPB—50.000—13-5-08

Serial No.

Under article 75 of the Articles of Association, if GoI directs the withdrawal of the entire loan given by it to any Agricultural Bank all further transactions have to be stopped and all outstanding loans of whatever description have to be recalled and the Bank wound up at the end of three months The winding up of the Bank Sh?- however be strictly according to law + this is distinctly provided for in the same article. Any departure from the provisions of law is unauthorised + was never intended. The Registrars attention may be drawn to the Article 75 + he may be asked to enforce the provisions of Regulation III of 1895 strictly

Genl Secy)

Secy
(3-3-9

← Please obtain the opinion of the Govt Advt Bank (by inviting officials), + afterwards if necessary we may consult the Govt Advocate-Genl.

15-3-09

Secy

16/3/09

GPB—50.000—13-5-08

G. R. S. 12]
General and Revenue Secretariat.

B File No. 43 of 1908

16

Serial No.	
1	Draft Subd by 16/3 done mdh 18.3.09
2	To the Inspector of Agrl Banks No H 4230 d 23-3-09 Forwards copy of the letter recd from the Registrar of Joint Stock companies & requests to be favoured with his opinion on the points therein
3	From the Inspector of Agrl Banks No 616/77 d 3.4.09 Submits his opinion in the matter of the procedure to be adopted by the Registrar of Joint Stock companies when an Agrl Bank is directed to be wound up. The Inspector proposes that when a Bank is ordered to be wound up under the orders of Govt the Registrar may make a note of this in his books. on the analogy of Sections 137, 159 & 160. This re- medy cannot, it seems, satisfy the legal difficulty.

Fwd

Repeals Companies Regulation Reg P

NOTE—Contn. sheet.

GPB—50,000—13-5-08

mdh 12.4.09

4th Genl Secy

Serial No.

No H 109
16-4
1 Myore Code
81 file

Forwarded to the Govt Advocate for opinion on the points raised. M Chandrasekhara Dec 4 to Govt 15/12/08

15/12/08

G.O. 44 dated 26-4-April 1907.

An order of Government directing the recall of the loan granted to an Agricultural Bank, has not the effect of winding up the Bank and will not justify the Registrar of Companies in entering in his books that the Bank is wound up. Until a Bank is wound up in accordance with provisions of the Regulation, either voluntarily or through the inter vention of the Court, the officials thereof are bound to send in the periodical balance sheets etc, to the Registrar, and failure to do so will subject them to the penalty mentioned in the Regulation. In the interest of the shareholders and creditors of the Bank, it is very necessary that the provisions of the Regulation as to the submission of periodi cal balance sheets should be strictly enforced. Such enforcement will remove the unwillingness of the office bearers and members to take steps to wind up the Company, alluded in the letter of the Inspector of ~~the~~ Agricultural Banks.

If on the happenning of the events named in para 75 of the articles of Association of any of these Banks, the members thereof do not take prompt steps

NOTE—Contn. sheet

GPB—10,000—18-1-07

Serial No.

steps to wind it up the Government may either (1) proceed to recover the amount due as if it were revenue demand under the provisions of Regulation II of 1903 or (2) move the Civil Court to wind up the Company. The latter course (2) is no doubt a ------ cumbrous one as remarked by the Inspector. But the adoption of the former course (1) and the strict enforcement of the provision of the Companies Regulation as I stated above, will spur the members to promptly wind up the Bank. No alteration of the existing law seems necessary. The Registrar of Companies may think, be instructed to adopt the procedure above set forth.

T. Narayana Rao
26 4 09 Govt advocate

Submitted
27-4
Genl Secy

Sanctioned 27-4-9

Please draft an order communicating the above view of the Govt Advr. to the Registrar of Companies for instructions & guidance, & submit to Devan for appl

Y.O.S.

19

561 (Book) 1-5-09

Draft Submitted to Devan.
Sanctioned 29-4-09
Submitted 28/4

Draft approved letter returned

GPE—50,000—13-5-08

[G. R. S. 12]
General and Revenue Secretariat.

B File No. 43 of 1908

Serial No.	
4	To the Registrar of Joint Stock companies Inspector of Agrl Banks Govt Advocate Registrar Chief Court & Dy Commrs of Dts. No 7410-21 J 15-5-09 Agrees with the Registrar that an order enabling the loan from an Agrl Bank has not the effect of winding up the Bank & until the Bank is wound up Voluntarily or by an order of court the balance sheets of the institution should be continued to be sent to the Registrar as failure to do so will subject them to the penalties under the Law

Note.—Contd sheet.

GPB—50,00017—3-07

Office of the Registrar of Joint Stock
Companies in Mysore,
Dated Bangalore, 3rd March 1909.

No. 852.

From

H.H.Sparkes Esq,
Registrar of Joint Stock Companies
in Mysore, Bangalore.

To

E.S.Balasundaram Iyer Esq., B.A.,
Offg.Secretary to the Govt.of H.H.
the Maharajah of Mysore,
General and Revenue Departments.

Sir,

I have the honor to state that whenever an Agricultural Bank is ordered by the Government to be wound-up, it has been the practice in this office to treat the Bank as having ceased to exist and to close the Register so far as it relates to such Bank on receipt of a report from the Inspector of Agricultural Bank of its having discontinued to carry on business. This does not appear to be a correct procedure. I think that as soon as the Government Order is passed, the Bank should be wound-up under exactly the same arrangements and subject to the same provisions as are prescribed for the voluntary winding-up of Companies in Sections 173 to 196 of the Mysore Companies Regulation and that the Bank should not be considered to have ceased to exist until the return referred to in Section 187 is registered in this office and the bank is finally dissolved. The prescribed periodical returns should also be submitted by the Bank till that period.

B 43-08

(1)

I 413

190 P 3104 ~~004~~

From — The Registrar of Joint Stock Companies, in Mysore Bangalore

To The Hon. Secretary, to the Govt of H. H. the Maharaja of Mysore Jud & Rev. Depts

Dated

Despatched 3rd March 09

Received

General No. 852

No.

Enclosure No.

Regarding the procedure of winding up the Agricultural Banks in the State by the Govt and awarding orders on the subject.

As my opinion is not however in accordance with the existing procedure, I beg to refer the matter to Government for orders.

I have the honor to be,

Sir,

Your most obedient servant

Registrar of Joint Stock Companies.

2

G.R.S. 26]

File No. 48

Serial No. 2

Diary No. of letter replied to 3181

No. H 4230

& 23rd March/09

General and Revenue Secretariat

(Banking)

the 190

To The Inspector of Agrl Banks

Date of issue 23rd March/09

Signed by W. Rankin

Sir, I am directed to forward ~~my~~ herewith copy of letter No 852 & 3-3-09 received from the Registrar of Joint Stock Companies regarding ~~the Memorandum to be adopted by him office in the case~~ the working of Agrl Banks ~~ordered the wound up~~ and to request you to be so good as to favour Govt with your opinion on the points raised thereon.

over.

SUBJECT.

by the Registrar.

B— 0 Ulrevet 3

June 1878

For Secretary

mr 1613

List of enclosures.

Copied by

Examined by

MGCPB—30,000—16-2-05

Office of the Registrar of Co-operative Societies in Mysore.

No. 616 C.S. 17. (3)

Dated, Bangalore 1st April 1909.

3

From.

M. Shama Rao, Esq., M.A.
Registrar of Co-operative Societies
& Inspector of Agricultural Banks
in Mysore.

To.

K.S. Chendrsekhara Aiyar, Esq., B.A. B.L.
Secretary to the Government of Mysore,
General and Revenue Departments.

Sir,

With reference to your letter No. F1 4230 1343-08-2 dated 23rd March 1909, calling for my opinion on the point raised by the Registrar of Joint Stock Companies in his letter No. 852 date 3rd March 1909, viz that the provisions of sections 173 to 196 of the Mysore Companies' Regulation should apply to the Agricultural Banks ordered by Government to be wound up, I have the honour to state that in my view, when a Bank is ordered by Government to be wound up under article 75 of the Articles of Association, it cannot be regarded that the winding-up is a voluntary act on the part of the members of the Bank. In the two other cases mentioned in the article in question, viz, (1) that where the total number of members of the Bank may owing to death, resignation etc., fall below two-thirds of the number at t

Art. 75. If, owing to resignations, deaths, removals or other causes the total number of members of the Bank should at any time fall below two-thirds of the number which constituted the Bank on the date of its formation or on the date of ~~its~~ augmentation of its funds, or if according to a majority of votes at a general meeting there exists a disagreement among the members so serious as to render the further continuance of the Bank undesirable, (or if Government directs the recovery of loans made by it to the Bank are in an unsatisfactory condition) all further transactions shall be stopped, and all outstandings loans of whatever description shall be recalled by a notice not exceeding three months, at the end of which period the Bank shall be

B 43-08 (3)

D 3582

190

From The Registrar of Co-operative Societies in Mysore

To The Secretary to the Government of Mysore Genl and Rev. Dept

Dated, Bangalore, 13th April 19

Despatched

Received

General No. 616

No. C-S- 77.

Enclosure No.

Submits opinion in the matter of the procedure to be followed in winding up Agricultural Banks under Companies' Regulation

shall be wound up under such arrangements, not inconsistent with law, as shall be decided upon at a general meeting to be convened for the purpose. The members shall, however, continue responsible for the due discharge of all existing debts and liabilities.

the time of formation, and (2) that where owing to serious disagreement among a majority of the members, it is impracticable to continue the business of the Bank, the winding-up may be voluntary, if the Bank itself takes action under section 173 of the Companies Regulation and then sections 173 to 195 may be deemed to apply to the case. In the first case however, where Government has ordered the liquidation, I think it would be a stretch of words to consider such liquidation a voluntary act on the part of the Bank. The act of Government corresponds to the act of a private creditor seeking to wind up the Bank, with this difference that as he has no power to do it of his own will, he has to apply for the assistance of a court of justice under sections 128 to 172 of the Companies' Regulation. In cases of enforced liquidation, the parties prejudicially affected have of course no interest to act any further, but under article 75 of the Articles of Association for Agricultural Banks, a notice is required to be issued re-calling the debts within a period not exceeding three months and that at the end of three months, a general meeting is re-quired to be convened for making arrangements to wind up the Bank. The directors of the Banks ordered to be wound up being themselves defaulters and having no interest therefore to create troubles for themselves, avoid all action on receiving

intimation of the Government order and in this they have the fullest sympathy of the general body of members who are more or less defaulters like themselves. A private party in such circumstances would seek the intervention of a court of law and compel action on the part of the Bank. The Government however having power to recover by summary methods the loans advanced to the Bank, has resorted to those methods and has been recouping its advances as far as possible. As a rule the Government is the only creditor and none of the members of the Bank consider that they have any interests in its concerns except when the Amildar's notice of demand for repayment of Government dues is served on them, when they make frantic efforts to somehow obtain a postponement of the evil day In these circumstances, I am of opinion that whenever an Agricultural Bank is wound up under the orders of Government, following the analogy of sections 137 and 159 and 160 of the Companies' Regulation, the Registrar of Joint Stock Companies may make a note in his books. This course appears to me to be the easiest under the peculiar circumstances surrounding the Agricultural Banks,

137. When an order has been made for winding up a Company under this Regulation, a copy of such order shall forthwith be forwarded by the Company to the Registrar of Joint Stock Companies, who shall make a minute thereof in his books relating to the Company.

159. When the affairs of a Company have been completely wound up, the Court shall make an order that the Company be dissolved from the date of such order, and the Comapny shall be dissolved accordingly.

160. Any order so made shall be reported by the official liquidator to the Registrar, who shall make a minute accordingly in his books of the dissolution of such Company.

and if Government are of the same opinion the Registrar may be instructed to adopt the course indicated by me.

I have the honour to be

Sir

Your most obedient servant,

M Shamacharya

Registrar, C.S.
&
Inspector of Agl. Banks in Mysore.

G.R.S. 28]

File No 43
Serial No. 4

Diary No. of letter replied to 3107
¥3582

Proceedings of the Government of His Highness the Maharaja of Mysore

GENERAL AND REVENUE SECRETARIAT.
(Bangalore

, the 190

Date of issue

Signed by

READ—

Letter No 852 & 3rd March 09 from the Registrar of Joint Stock Companies.

Here print letter in extenso.

~~ORDER THEREON.~~—No.

2 Correspondence ending with letter No 616/68-77 & 3rd April 1909 from the Inspector of Agl Banks on the same subject.

order thereon

over

No 87410-21
& 15-5-09
SUBJECT

Copies for R. 14/5 10 copies.

GPB—6,000—13-5-08

An order of Court directing the recall of the loan granted to an Agrl Bank has not the effect of winding up the Bank & will not justify the Registrar of Joint Stock Companies in entering in his books that the Bank is wound up. Until a Bank is wound up in accordance with provisions of the Companies Regulation either voluntarily or through the intervention of the Court, the officials ~~thereof~~ thereof are bound to send in the prescribed balance sheets etc to the Registrar & failure to do so will subject them to the

Court agree with the Registrar in the opinion expressed by him in the letter read above

G.R.S. 27]

GENERAL AND REVENUE SECRETARIAT.

(*Continuation Sheet draft form.*)

specially ~~stated under~~ mentioned in the Regulation. In the interest of the shareholders & creditors of the Bank it is very necessary that the provisions of the Regulation as to the submission of the periodical balance sheets should be strictly enforced. & it may be necessary in the case of the officers of the Bank to take steps to wind up the Bank

If on the happening of the events named in para 75 of the articles of Association of any of these Banks, the Liquidator thereof do not take any prompt steps to wind it up the amounts due may be recovered as a defence demand under the provisions of Regulation II of 1903 or the Civil Court moved to wind up the company

MGCPB—30,000—5-4 05.

The latter course is no
doubt cumbrous but
the adoption of the former
course coupled with the
strict enforcement of
the provision of the
Companies Regulation
as stated above will
spur the members to
promptly wind up
the Bank. In these
circumstances no al-
teration of existing
law seems necessary

[illegible]
for Secretary

9/9/4

To
The Registrar of Joint
Stock Companies
" Inspector of Apld
Banks
" Govt Advocate
" Registrar, Chief Court
& Dy Commrs of
Districts

May the order
be printed
[illegible]

Proceedings of the Government of His Highness the Maharaja of Mysore, Financial (Banking), dated 15th May 1909.

READ—

Letter No. 852, dated 3rd March 1909, from the Registrar of Joint Stock Companies:—

"I have the honor to state that whenever an Agricultural Bank is ordered by the Government to be wound up, it has been the practice in this office to treat the Bank as having ceased to exist and to close the register so far as it relates to such Bank on receipt of a report from the Inspector of Agricultural Banks of its having discontinued to carry on business. This does not appear to be a correct procedure. I think that as soon as the Government order is passed, the Bank should be wound up under exactly the same arrangements and subject to the same provisions as are prescribed for the voluntary winding-up of companies in Sections 173 to 196 of the Mysore Companies Regulation and that the Bank should not be considered to have ceased to exist until the return referred to in Section 187 is registered in this office and the Bank is finally dissolved. The prescribed periodical returns should also be submitted by the Bank till that period.

As my opinion is not, however, in accordance with the existing procedure, I beg to refer the matter to Government for orders.

2. Correspondence ending with letter No. 616—Cs. 77, dated 3rd April 1909, from the Inspector of Agricultural Banks, on the same subject.

No. Fl. 7410-21—B. 43-08-4, dated Bangalore, 15th May 1909.

Order thereon.—Government agree with the Registrar in the opinion expressed by him in the letter read above. An order of Government directing the recall of the loan granted to an Agricultural Bank has not the effect of winding up the Bank and will not justify the Registrar of Joint Stock Companies in entering in his books that the Bank is wound up. Until a Bank is wound up in accordance with the provisions of the Companies Regulation either voluntarily or through the intervention of the Court, the officials thereof are bound to send in the periodical balance sheets, etc., to the Registrar, and failure to do so will subject them to the penalty mentioned in the Regulation. In the interests of the share-holders and creditors of the Bank it is very necessary that the provisions of the Regulation as to the submission of the periodical balance sheets should be strictly enforced.

K. S. CHANDRASEKHARA AIYAR,
Secy. to Govt., Gen. & Rev. Depts.

To—The Registrar of Joint Stock Companies.
The Inspector of Agricultural Banks.
The Government Advocate in Mysore.
The Registrar, Chief Court of Mysore.
The Deputy Commissioners of Districts.

Exd.—C. V.

1908-09

GOVERNMENT OF HIS HIGHNESS
THE MAHARAJA OF MYSORE

FINANCIAL (BANKING)

PROCEEDINGS

Dated 15th May 1909

No. Fl. 7410-21
B. 43-08-4

Agreeing with the Registrar of Joint Stock Companies in his opinion that until an Agricultural Bank is wound up in accordance with the provisions of the Companies Regulation either voluntarily or through the intervention of the Court, an order of Government recalling the loan granted to the Bank has not the effect of winding it up, and directing that the submission of the periodical balance sheets should be enforced till a Bank is formally wound up.

GPB—10 6-09—250